

February 1, 2005

LAUS Technical Memorandum No. S-05-14

MEMORANDUM FOR: STATE WORKFORCE AGENCY ADMINISTRATORS
AND REGIONAL COMMISSIONERS

FROM : ROBERT A. GADDIE
Associate Commissioner
Office of Field Operations

SUBJECT : Exceptions to Standard LAUS Estimation Procedures

Purpose: The purpose of this memorandum is to notify States that nearly all current approved exceptions to standard LAUS estimation procedures will be eliminated with the release of the new estimation software, and to provide States with instructions for submitting new requests for exceptions. States requiring the continuation of any currently approved atypical or exception procedures will need to resubmit them to the appropriate regional office and national office for approval. The “Request for Atypical or Exception Treatment” form may be submitted electronically and is included with this memorandum.

Background: Following each Census, LAUS updates estimation databases with Census base level data and also makes modifications to the estimation methodology. In this process, nearly all previously approved atypical procedures and exceptions to standard methodology are removed. The only exception to this rule relates to the 20 states that currently have approval to estimate agriculture unemployment atypically. These States are Colorado, Hawaii, Florida, Idaho, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Washington, and Wisconsin. These agriculture unemployment estimation exceptions will remain in each State’s database, unless we are advised otherwise.

LAUS Estimation: Consistent data and uniform application of standard procedures are essential in the LAUS program, where the resultant estimates are compared across areas and over time for analytical, policy, and programmatic purposes. Nevertheless, situations are identified, particularly during the review of Census data, that require special procedures in order to maintain a consistent series of basic data or to prevent estimating techniques from creating a distortion. In such situations, the State should initiate a formal request for an exception procedure to be used in producing the estimate.

Only methodological departures from LAUS estimating instructions that are in response to exception situations like those described below should be considered. Departures that

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have broad applicability and do not pertain to a limited area are considered methodological changes. Such departures are beyond the scope of this procedure.

States can request atypical or exception treatment at any time during the year. Atypical requests generally are defined as unusual situations that are limited in time and usually in geographic applicability. Generally, they impact a single month and/or a single labor market area. For example, absence of claims data due either to State agency computer failure, natural disaster, or inability of border State to provide information would lead to a State request for atypical treatment. The form attached to this memorandum can be used throughout the year for these situations.

Methodological Departures—Exceptions: An exception is characterized by a long period of applicability and/or a broad geographic frame, although limited to a particular State and its labor market areas (LMAs). An exception represents a basic departure from standard specifications and instructions, such as data deficiencies in the State that cannot be resolved in the short run or the use of special procedures in order to preclude distortion. Examples include:

1. Relatively significant concentrations of Armed Forces in certain parts of an LMA, causing distortion in county or city employment estimates disaggregated based on total population.
2. A high student, military, or institutional population (as a percentage of total population) adversely affecting the unemployment calculation. (The revised estimation procedure for new and reentrant unemployment distributes new entrant unemployed to each LMA based on its share of the 16-19 population; reentrant unemployed is based on an LMA's share of the 20+ population.) One approach is to remove the student, military, and/or institutional population from the appropriate age group, survive that reduced population, and add the removed population to the survived population.

Action Required: Requests for exception treatment must be submitted by the State in writing for regional and national office review and approval. The State agency has the responsibility for developing and justifying the alternate approach and should request technical assistance from the regional office if necessary. Supporting materials that describe the situation and establish the basis for the special treatment should also be submitted. States must receive approval from the regional office before using the proposed procedure. Requests should be submitted as soon as possible. Those received in the national office by February 18 will be acted upon by February 24. The transmittal date for January 2005 substate estimates is March 3.

The form for submitting an exception request is attached. It may be submitted electronically or printed and mailed or faxed to the regional office.

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Items 1 through 7 of the request form define the request and are to be completed by the State.

1. State: Enter the name of the State affected by the request.
2. Areas(s): Enter the name(s) of the area(s) affected by the request. Enter “all areas” if the request affects all of the substate areas.
3. Date: Enter the date of the submittal of the request.
4. Nature of Request: Check appropriate selection. Nearly all requests at this point will be for Exceptions.
5. Series Affected: Check appropriate selection(s).
6. Time Period Affected: Enter the month(s) to which the procedure will be applied. Enter “all” if the request is for an indefinite time period.
7. Estimating Problems and Recommended Action: Provide a clear and complete description of the problem and the proposed adjustment. Include supporting material, define data sources, and estimate or simulate the effect of the procedure, if possible. Incomplete or vague explanations will likely result in delayed consideration of the request.

The State analyst should forward the form, including supporting attachments, to the BLS regional office. (If the attachments are not in electronic form, forward them separately to the regional office, but provide a note on the form that indicates attachments are being sent.) The regional office will review the submittal, ensure that it is clear and complete, and make any needed modifications upon consultation with the State. The regional office provides a recommended course of action on the request and forwards it to the national office for action. Requests should be sent to LAUS_MGR. The national office will review the submittal and advise the regional office of its concurrence or disapproval. Every effort will be made to expedite the approval process so that State estimation can occur on a timely basis.

Workload Impact: Some minimal workload may be associated with this technical memorandum.

Inquiries: Inquiries should be addressed to the appropriate regional office.

Effective Date: This memorandum is effective immediately.

Attachment